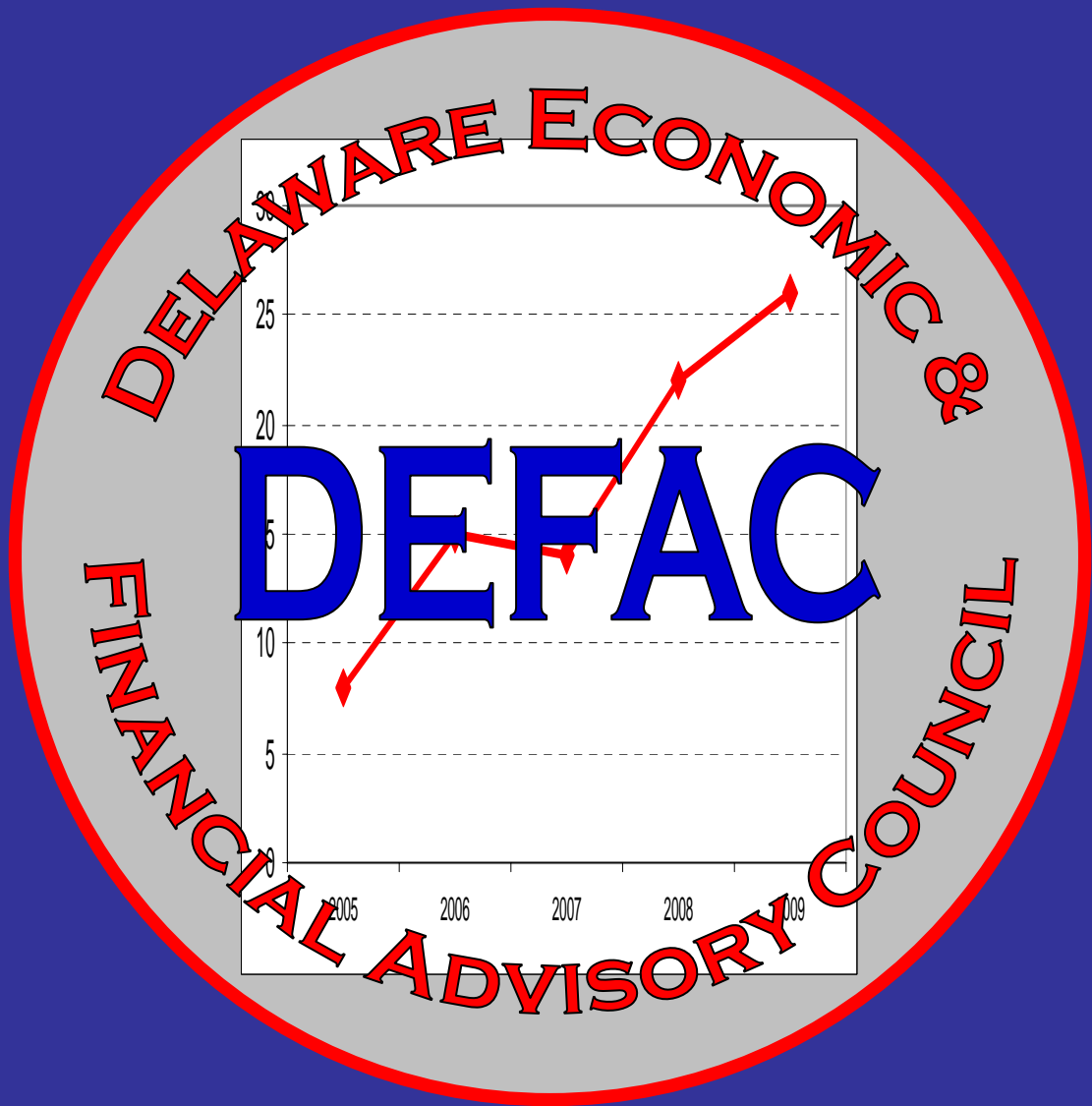


# ANNUAL REPORT



FY 2007

## **Table of Contents**

<b>Purpose.....</b>	<b>1</b>
<b>Overview .....</b>	<b>1</b>
Revenue Forecasts vs. Actual Collections.....	1
<b>FY 2007 Economic Forecasts .....</b>	<b>1</b>
<b>FY 2007 General Fund Revenue Forecasts .....</b>	<b>2</b>
<b>FY 2008 Economic Forecasts .....</b>	<b>2</b>
<b>FY 2008 General Fund Revenue Forecasts .....</b>	<b>2</b>
<b>FY 2007 General Fund Expenditure Forecasts.....</b>	<b>3</b>
<b>Progression of FY 2008 Appropriation Limit Estimates.....</b>	<b>3</b>
<b>General Fund Budgets: FY 2004 – FY 2008 .....</b>	<b>3</b>
<b>Transportation Trust Fund.....</b>	<b>3</b>
FY 2007 Revenue Estimates.....	3
FY 2008 Revenue Estimates.....	4
FY 2007 Expenditure Estimates .....	4
<b>Attendance .....</b>	<b>4</b>
<b>Appendix .....</b>	<b>A1 – A15</b>

## Purpose

DEFAC's FY 2007 Annual Report's purpose is to provide its members and other interested parties with a review of the analyses and events that were instrumental in the preparation of the Council's estimates. By summarizing the previous year's estimates, the report provides context for the development of estimates throughout FY 2008. Additionally, the report shows how well DEFAC performed in FY 2007, given the evolution of economic conditions and forecasts over the course of the year.

## Overview

FY 2007 was the sixth consecutive year that General Fund actual revenue collections exceeded the Revenue Resolution, the amount upon which the budget is based. In FY's 2002 and 2003 actual revenues exceeded the Revenue Resolution by 2.6% and 3.0%, respectively. In FY 2004, however, the relative level of excess revenues essentially tripled from its FY 2002-2003 levels, climbing to 8.8% above the Revenue Resolution. FY 2005's actual collections exceeded the Revenue Resolution by 4.1%. FY 2006 collections exceeded the Revenue Resolution by 5.4%. FY 2007's forecast was the most accurate of the last six years, with actual collections exceeding the forecast by just 0.4%.

### Revenue Forecasts vs. Actual Collections (\$ Millions)

Fiscal Year	Revenue Resolution	Actual Collections	Actual minus Resolution	Percent Difference
2002	2,364.5	2,425.7	61.2	+2.6%
2003	2,364.8	2,436.4	71.6	+3.0%
2004	2,514.0	2,735.5	221.5	+8.8%
2005	2,765.1	2,877.6	112.5	+4.1%
2006(1)	3,008.3	3,169.9	161.6	+5.4%
2007	3,276.7	3,290.2	13.5	+0.4%

(1) The FY 2006 Revenue Resolution figure is adjusted for legislation passed in January 2006.

The variances highlighted in the table above cannot be attributed to legislative changes. The Revenue Resolutions already include the results of legislative changes. In most years, the difference between actual collections and the amount of the Revenue Resolution is a good indicator of DEFAC's forecasting acumen.

While the bottom-line Net General Fund estimate proved to be very accurate, FY 2007 saw fairly significant variation vs. the Revenue Resolution among the state's six largest revenue sources. For a complete chronological overview of the FY 2007's legislative changes and forecasting updates, see Table 1 on page A-1. For a summary of DEFAC's FY 2007 and 2008 forecast accuracy, see Table 2 on page A-2.

## FY 2007 Economic Forecasts

Generally speaking, FY 2007's economic performance reflected moderating rates of growth, particularly in Delaware. Most important, Delaware job and income growth were

below DEFAC's June 2006 estimates. On the brighter side, oil prices moderated during the second half of the fiscal year, while stock prices bested initial expectations. On balance, though, FY 2007 turned in a mixed performance. For a complete chronological overview of the FY 2007's economic forecasts, see Table 3 on page A-3.

## **FY 2007 General Fund Revenue Forecasts**

The impact of June 2006's legislative changes on FY 2007 revenue estimates is found in Table 4 on page A-4.

Actual net revenues were \$3,290.2 million, \$13.5 million or 0.4% higher than the Revenue Resolution. Together, collections in the personal income, corporate income, franchise, and realty transfer taxes fell short of their aggregate estimate by nearly \$110 million. A \$53.9 million shortfall vs. the June 2006 estimate in the personal income tax accounted for almost half of the deficiency.

Actual collections in abandoned property, dividends and interest, and the bank franchise and insurance premiums taxes exceeded June 2006 estimates by \$112.9 million. At \$64.2 million over its June 2006 estimate, abandoned property collections accounted for roughly half of this group's total excess.

Table 5 on page A-5 contains of a comprehensive history of the estimates as they evolved over the course of FY 2007.

Actual FY 2007 net General Fund collections exceeded FY 2006 collections by 3.8%.

## **FY 2008 Economic Forecasts**

Generally speaking, the FY 2008 US macro outlook calls for somewhat slower growth than seen in FY 2007. In Delaware, however, FY 2008 is expected to produce a modest rebound as the fallout from restructuring in the financial sector that hit, in earnest, in FY 2007 appears to have concluded. Over the course of FY 2007, the economic outlook for FY 2008 was revised downward for most key indicators. For a complete chronological overview of the FY 2008 economic forecasts, see Table 6 on page A-6.

## **FY 2008 General Fund Revenue Forecasts**

The impact of the June 2006's legislative changes on FY 2008 revenue estimates is found in Table 7 on page A-7.

After the legislative changes to its FY 2008 estimates, DEFAC, over the course of FY 2007, cut \$39.9 million or 1.2% from its estimates. Generally speaking, these downward adjustments to the FY 2008 revenue outlook reflect the softer economic outlook for FY 2008 discussed above.

As was the case with respect to the FY 2007 estimates, the personal income, corporate income, franchise, and realty transfer taxes (negative adjustments) along with abandoned property (positive adjustments) accounted for the largest parts of the overall change.

At its June 2007 meeting, DEFAC projected FY 2008 revenues at \$3,365.4 million or 2.8% more than estimated FY 2007 revenues.

Table 8 on page A-8 contains of a comprehensive history of the FY 2008 estimates as they evolved over the course of FY 2007.

## **FY 2007 General Fund Expenditure Forecasts**

The first FY 2007 expenditure estimate was prepared in December 2006. DEFAC adopted an estimate of \$3,439.1 million.

Actual spending was \$3,389.9 million, a decrease of \$49.2 million from the original estimate.

The amount of money reverted to the General Fund was \$12.0 million, \$2.0 million more than the \$10.0 million forecast in December 2006. Continuing appropriations and encumbrances were originally pegged at \$288.6 million in December 2006. The actual amount ended up at \$335.8 million, an increase of \$47.2 million. This represents a 16.4% increase vs. December 2006's \$288.6 million estimate.

Actual FY 2007 expenditures were 6.6% more than FY 2006 expenditures.

Table 9 on page A-9 contains of a comprehensive history of the FY 2007 General Fund expenditure estimates as they evolved over the course of the year.

## **Progression of FY 2008 Appropriation Limit Estimates**

The first estimate for the FY 2008 appropriation limit was developed in December 2006 and stood at \$3,346.4 million. Actual FY 2008 appropriations were \$3,411.2 million, \$64.8 million or 1.9% higher than the December 2006 estimate. It should be noted, however, that prior to the adoption of the FY 2008 budget, a tax package with a FY 2008 impact of \$48.7 million was adopted.

Chart 1 on page A-10 contains of a comprehensive history of the FY 2008 General Fund appropriation limit estimates as they evolved over the course of the year.

## **General Fund Budgets: FY 2004 – FY 2008**

Total FY 2008 appropriations increased 0.5% vs. FY 2007. The FY 2007 operating budget, at \$3,285.6 million, grew 5.9%. Supplemental appropriations declined 68.0% to \$77.9 million. Grants, at \$47.7 million, were 4.6% lower than FY 2006.

A history from FY 2004 – FY 2008 of General Fund budgets is available in Table 10 on page A-11.

## **Transportation Trust Fund**

### ***FY 2007 Revenue Estimates***

FY 2007 Transportation Trust Fund (TTF) revenues were originally estimated at \$398.2 million in June 2006. Actual revenues were \$395.2 million, a decrease of \$3.0 million or 0.8%. Table 11 on page A-12 contains of a comprehensive history of the FY 2007 TTF estimates as they evolved over the course of the year.

Actual FY 2007 net TTF collections exceeded FY 2006 collections by 4.5%.

### ***FY 2008 Revenue Estimates***

FY 2008 TTF revenues were originally estimated at \$404.1 million in June 2006. As of June 2007, revenues were pegged at \$392.9 million, a decrease of \$11.2 million or 2.8%. Table 12 on page A-13 contains of a comprehensive history of the FY 2008 TTF estimates as they evolved over the course of the year.

### ***FY 2007 Expenditure Estimates***

FY 2007 TTF expenditures were originally estimated at \$802.4 million in December 2006. Actual expenditures were \$635.4 million, a decrease of \$167.0 million or 20.8%. Table 13 on page A-14 contains of a comprehensive history of the FY 2007 TTF expenditure estimates as they evolved over the course of the year.

FY 2007 TTF expenditures were \$96.3 million or 13.1% less than FY 2006 expenditures.

## **Attendance**

The FY 2007 attendance records are available in Table 14 on page A-15.

Table 1.

# FY 2007 General Fund Revenue Forecast & Legislative Overview

(Millions)

	FY 2007		FY 2008		Two-Year Total
June 2006 DEFAC Estimate	\$ 3,292.3		\$ 3,414.6		
Revenue Resolution (June 2006)	(15.6)		(9.3)		
Adjusted June 2006 DEFAC Forecast (Starting point for review DEFAC estimates made in FY 2007.)	3,276.7		3,405.3		
DEFAC Changes					
September-06	3.6		(14.5)		(10.9)
December-06	(20.9)		(23.0)		(43.9)
March-07	11.8		(25.3)		(13.5)
April-07	(2.3)		3.4		1.1
May-07	(4.5)		7.5		3.0
June-07	9.9		12.0		21.9
Total DEFAC Changes vs. Revenue Resolution	(2.4)		(39.9)		(42.3)
June 2007 DEFAC Estimate	3,274.3		3,365.4		
Actual FY 2007 Net General Fund Revenues	3,290.2		NA		
June 2006 DEFAC Estimate	3,292.3		3,414.6		
Difference from June 2006 Estimate	\$ (2.1)		\$ (49.2)		\$ (51.3)
Reconciliation: Amount of Difference Due to:					
Revenue Resolution (June 2006)	\$ (15.6)		\$ (9.3)		\$ (24.9)
Total DEFAC Changes	(2.4)		(39.9)		(42.3)
FY 2007 Actual vs. June 2007 Estimate	15.9		-		15.9
Difference from June 2006 Estimate	\$ (2.1)		\$ (49.2)		\$ (51.3)

Table 2.

**DEFAC General Fund Revenue Forecast Accuracy**

(Millions)

**FY 2007**

Adjusted June 2006 DEFAC Forecast (Starting point for review of FY 2007 DEFAC estimates made in FY 2007.)	\$ 3,276.7
Actual FY 2007 Net General Fund Revenues	<u>3,290.2</u>
Difference	\$ 13.5
Percent Difference	0.4%

**FY 2008**

Adjusted June 2006 DEFAC Forecast (Starting point for review of FY 2008 DEFAC estimates made in FY 2007.)	\$ 3,405.3
June 2007 DEFAC Estimate for FY 2008	<u>3,365.4</u>
Difference	\$ (39.9)
Percent Difference	-1.2%



Table 3.

**FY 2007 Economic Indicators**

(Annual Percentage Growth vs FY 2006; Except Ten-Year T-Bond, which is annual interest rate.)

Indicator	FY 2007 Forecast as of:					Increase (Decrease)
	June 2006	September 2006	December 2006	March 2007	June 2007	
Real GDP	2.9	2.9	2.5	2.6	2.5	(0.4)
U.S. Employment	1.4	1.1	1.2	1.6	1.6	0.2
U.S. Personal Income	6.0	6.3	5.7	5.7	6.1	0.1
Real Consumer Expenditures	2.8	2.8	2.9	3.2	3.3	0.5
Consumer Price Index	2.2	3.2	2.2	2.3	2.6	0.4
Ten-Year T-Bond Rate	5.3	5.0	4.6	4.8	4.7	(0.6)
S&P 500	3.8	2.7	6.8	9.6	11.7	7.9
Crude Oil Prices	6.2	19.5	1.4	(3.0)	1.4	(4.8)
Delaware Employment	1.0	1.1	1.2	0.8	0.4	(0.6)
Delaware Income	6.2	6.4	4.9	5.7	5.2	(1.0)

Table 4.

# DEFAC ESTIMATES OF FY 2007 GENERAL FUND REVENUES:

## Impact of Legislative and Other Changes

(\$ millions)

<b>Revenue Category</b>	<b>June 2006</b>	<b>FY 2007 Legislative Changes</b>	<b>FY 2007 Revenue Resolution</b>
<b>Personal Income Tax</b>	<b>1,222.5</b>		<b>1,222.5</b>
<b>Less: Refunds</b>	<b><u>(160.1)</u></b>		<b><u>(160.1)</u></b>
<b>PIT Less Refunds</b>	<b>1,062.4</b>	<b>(0.2)</b>	<b>1,062.2</b>
Franchise Tax	552.9		552.9
Less: Refunds	<u>(13.0)</u>		<u>(13.0)</u>
Franchise Tax Less Refunds	539.9		539.9
<b>Corporate Fees</b>	<b>66.1</b>		<b>66.1</b>
<b>Limited Partnerships &amp; LLC's</b>	<b>89.0</b>		<b>89.0</b>
<b>Uniform Commercial Code</b>	<b>10.5</b>		<b>10.5</b>
Corporation Income Tax	204.3		204.3
Less: Refunds	<u>(35.0)</u>		<u>(35.0)</u>
CIT Less Refunds	169.3		169.3
<b>Bank Franchise Tax</b>	<b>151.3</b>		<b>151.3</b>
<b>Gross Receipts Tax</b>	<b>161.1</b>		<b>161.1</b>
<b>Lottery</b>	<b>259.3</b>		<b>259.3</b>
Abandoned Property	315.0	(14.3)	300.7
Hospital Board and Treatment	62.2	(1.3)	60.9
Dividends and Interest	16.1		16.1
<b>Realty Transfer Tax</b>	<b>108.4</b>		<b>108.4</b>
<b>Estate Tax</b>	<b>0.0</b>		<b>0.0</b>
<b>Insurance Taxes</b>	<b>72.6</b>		<b>72.6</b>
Public Utility Tax	51.0		51.0
Cigarette Taxes	91.0		91.0
Other Revenues	89.6		89.6
<b>Less: Other Refunds</b>	<b><u>(22.5)</u></b>		<b><u>(22.5)</u></b>
<b>Net Receipts</b>	<b>3,292.3</b>	<b>(15.6)</b>	<b>3,276.7</b>

Table 5.

**DEFAC ESTIMATES OF FY 2007 GENERAL FUND REVENUES**  
(\$ millions)

Revenue Category	Revenue Resolution	September 2005	December 2005	March 2007	April 2007	May 2007	June 2007	Actual	Actual vs Corrected Resolution	
									Increase (Decrease)	% Ch from Rev. Resolution
<b>Personal Income Tax</b>	<b>1,222.5</b>	<b>1,223.6</b>	<b>1,221.2</b>	<b>1,209.3</b>	<b>1,199.3</b>	<b>1,174.0</b>	<b>1,173.5</b>	<b>1,172.8</b>	<b>(49.7)</b>	<b>-4.1%</b>
Less: Refunds	<u>(160.1)</u>	<u>(160.6)</u>	<u>(165.0)</u>	<u>(165.0)</u>	<u>(165.0)</u>	<u>(167.5)</u>	<u>(164.0)</u>	<u>(164.5)</u>	<u>(4.4)</u>	<u>2.8%</u>
<b>PIT Less Refunds</b>	<b>1,062.2</b>	<b>1,063.0</b>	<b>1,056.2</b>	<b>1,044.3</b>	<b>1,034.3</b>	<b>1,006.5</b>	<b>1,009.5</b>	<b>1,008.3</b>	<b>(53.9)</b>	<b>-5.1%</b>
Franchise Tax	552.9	552.9	544.8	534.3	534.3	534.3	538.0	540.4	(12.5)	-2.3%
Less: Refunds	<u>(13.0)</u>	<u>(13.0)</u>	<u>(13.0)</u>	<u>(13.0)</u>	<u>(13.0)</u>	<u>(11.0)</u>	<u>(10.0)</u>	<u>(9.9)</u>	<u>3.1</u>	<u>-24.1%</u>
Franchise Tax Less Refunds	539.9	539.9	531.8	521.3	521.3	523.3	528.0	530.6	(9.3)	-1.7%
<b>Corporate Fees</b>	<b>66.1</b>	<b>65.5</b>	<b>65.5</b>	<b>63.7</b>	<b>63.7</b>	<b>65.5</b>	<b>65.5</b>	<b>65.4</b>	<b>(0.7)</b>	<b>-1.0%</b>
Limited Partnerships & LLC's	89.0	89.0	90.0	90.5	90.5	90.5	91.4	91.9	2.9	3.3%
Uniform Commercial Code	10.5	11.9	12.8	12.8	12.8	13.1	13.1	13.0	2.5	24.0%
Corporate Income Tax	204.3	201.3	211.3	203.0	190.0	188.0	184.0	190.8	(13.5)	-6.6%
Less: Refunds	<u>(35.0)</u>	<u>(35.0)</u>	<u>(45.0)</u>	<u>(50.3)</u>	<u>(49.0)</u>	<u>(50.0)</u>	<u>(50.7)</u>	<u>(50.5)</u>	<u>(15.5)</u>	<u>44.4%</u>
CIT Less Refunds	169.3	166.3	166.3	152.7	141.0	138.0	133.3	140.3	(29.0)	-17.1%
<b>Bank Franchise Tax</b>	<b>151.3</b>	<b>155.3</b>	<b>162.9</b>	<b>170.2</b>	<b>170.2</b>	<b>172.5</b>	<b>175.1</b>	<b>175.2</b>	<b>23.9</b>	<b>15.8%</b>
<b>Gross Receipts Tax</b>	<b>161.1</b>	<b>167.0</b>	<b>167.0</b>	<b>161.8</b>	<b>160.5</b>	<b>160.5</b>	<b>160.5</b>	<b>157.3</b>	<b>(3.8)</b>	<b>-2.4%</b>
<b>Lottery</b>	<b>259.3</b>	<b>254.5</b>	<b>251.5</b>	<b>252.5</b>	<b>255.1</b>	<b>258.1</b>	<b>256.7</b>	<b>256.7</b>	<b>(2.6)</b>	<b>-1.0%</b>
Abandoned Property	300.7	306.0	296.0	325.0	342.0	360.0	364.0	364.9	64.2	21.3%
Hospital Board and Treatment	60.9	60.7	62.0	63.1	63.3	63.7	63.7	63.6	2.7	4.4%
Dividends and Interest	16.1	18.0	21.0	22.5	24.0	24.0	25.2	25.3	9.2	56.9%
<b>Realty Transfer Tax</b>	<b>108.4</b>	<b>98.0</b>	<b>93.0</b>	<b>93.0</b>	<b>91.5</b>	<b>91.5</b>	<b>91.5</b>	<b>90.9</b>	<b>(17.5)</b>	<b>-16.1%</b>
<b>Estate Tax</b>	<b>0.0</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>NA</b>
<b>Insurance Taxes</b>	<b>72.6</b>	<b>70.8</b>	<b>71.8</b>	<b>83.7</b>	<b>83.7</b>	<b>83.7</b>	<b>83.7</b>	<b>88.3</b>	<b>15.7</b>	<b>21.6%</b>
Public Utility Tax	51.0	49.2	47.2	46.2	46.2	46.2	46.2	46.2	(4.8)	-9.5%
Cigarette Taxes	91.0	90.0	88.5	88.0	87.5	87.0	86.5	88.3	(2.7)	-3.0%
Other Revenues	89.6	97.3	98.0	99.6	99.4	98.9	100.1	103.5	13.9	15.6%
<b>Less: Other Refunds</b>	<b><u>(22.5)</u></b>	<b><u>(22.5)</u></b>	<b><u>(22.5)</u></b>	<b><u>(20.0)</u></b>	<b><u>(18.4)</u></b>	<b><u>(18.9)</u></b>	<b><u>(20.0)</u></b>	<b><u>(19.8)</u></b>	<b><u>2.7</u></b>	<b><u>-12.2%</u></b>
<b>Net Receipts</b>	<b>3,276.7</b>	<b>3,280.3</b>	<b>3,259.4</b>	<b>3,271.2</b>	<b>3,268.9</b>	<b>3,264.4</b>	<b>3,274.3</b>	<b>3,290.2</b>	<b>13.5</b>	<b>0.4%</b>

Table 6.

**FY 2008 Economic Indicators**

(Annual Percentage Growth vs FY 2007; Except Ten-Year T-Bond, which is annual interest rate.)

Indicator	FY 2008 Forecast as of:					Increase (Decrease)
	June 2006	September 2006	December 2006	March 2007	June 2007	
Real GDP	2.9	2.5	2.7	2.7	2.4	(0.5)
U.S. Employment	1.4	1.1	1.0	1.1	1.1	(0.3)
U.S. Personal Income	5.8	5.3	4.9	5.5	5.7	(0.1)
Real Consumer Expenditures	3.0	2.6	2.6	2.9	2.7	(0.3)
Consumer Price Index	1.7	2.1	1.9	1.9	1.9	0.2
Ten-Year T-Bond Rate	5.3	5.1	4.5	4.9	5.1	(0.2)
S&P 500	3.0	3.0	3.1	4.9	9.4	6.4
Crude Oil Prices	(4.8)	(1.4)	1.1	(1.6)	(1.2)	3.6
Delaware Employment	1.3	1.0	0.8	0.9	0.9	(0.4)
Delaware Income	5.3	5.4	4.9	5.3	4.7	(0.6)

Table 7.

# DEFAC ESTIMATES OF FY 2008 GENERAL FUND REVENUES

## Impact of Legislative Changes (\$ millions)

Revenue Category	June 2006	FY 2008 Legislative Changes	Adjusted June-06 Estimate
<b>Personal Income Tax</b>	<b>1,303.7</b>		<b>1,303.7</b>
Less: Refunds	<u>(168.2)</u>		<u>(168.2)</u>
<b>PIT Less Refunds</b>	<b>1,135.6</b>		<b>1,135.6</b>
Franchise Tax	580.6		580.6
Less: Refunds	<u>(13.0)</u>		<u>(13.0)</u>
Franchise Tax Less Refunds	567.6		567.6
<b>Corporate Fees</b>	<b>70.1</b>		<b>70.1</b>
<b>Limited Partnerships &amp; LLC's</b>	<b>99.7</b>		<b>99.7</b>
<b>Uniform Commercial Code</b>	<b>10.8</b>		<b>10.8</b>
Corporation Income Tax	214.8		214.8
Less: Refunds	<u>(32.5)</u>		<u>(32.5)</u>
CIT Less Refunds	182.3		182.3
<b>Bank Franchise Tax</b>	<b>141.1</b>		<b>141.1</b>
<b>Gross Receipts Tax</b>	<b>171.5</b>		<b>171.5</b>
<b>Lottery</b>	<b>240.6</b>		<b>240.6</b>
Abandoned Property	315.0	(14.0)	301.0
Hospital Board and Treatment	65.8	4.7	70.5
Dividends and Interest	17.1		17.1
<b>Realty Transfer Tax</b>	<b>108.4</b>		<b>108.4</b>
<b>Estate Tax</b>	<b>0.0</b>		<b>0.0</b>
<b>Insurance Taxes</b>	<b>77.0</b>		<b>77.0</b>
Public Utility Tax	52.8		52.8
Cigarette Taxes	93.0		93.0
Other Revenues	88.6		88.6
<b>Less: Other Refunds</b>	<u>(22.4)</u>		<u>(22.4)</u>
<b>Net Receipts</b>	<b>3,414.6</b>	<b>(9.3)</b>	<b>3,405.3</b>

Table 8.

**DEFAC ESTIMATES OF FY 2008 GENERAL FUND REVENUES**  
(\$ millions)

<b>Revenue Category</b>	<b>Adjusted</b>	<b>September</b>	<b>December</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>June 2007 vs June 2006</b>	
	<b>Jun-06</b>							<b>Increase</b>	<b>Percent</b>
	<b>Estimate</b>	<b>2006</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>(Decrease)</b>	<b>Change</b>
<b>Personal Income Tax</b>	<b>1,303.7</b>	<b>1,305.0</b>	<b>1,297.0</b>	<b>1,276.3</b>	<b>1,263.4</b>	<b>1,228.0</b>	<b>1,227.5</b>	<b>(76.2)</b>	<b>-5.8%</b>
Less: Refunds	<u>(168.2)</u>	<u>(168.7)</u>	<u>(173.3)</u>	<u>(173.3)</u>	<u>(173.3)</u>	<u>(175.9)</u>	<u>(172.3)</u>	<u>(4.1)</u>	<u>2.4%</u>
<b>PIT Less Refunds</b>	<b>1,135.6</b>	<b>1,136.3</b>	<b>1,123.7</b>	<b>1,103.0</b>	<b>1,090.1</b>	<b>1,052.1</b>	<b>1,055.2</b>	<b>(80.4)</b>	<b>-7.1%</b>
Franchise Tax	580.6	580.6	563.9	550.3	550.3	550.3	554.1	(26.5)	-4.6%
Less: Refunds	<u>(13.0)</u>	<u>(13.0)</u>	<u>(13.0)</u>	<u>(13.0)</u>	<u>(13.0)</u>	<u>(11.0)</u>	<u>(12.0)</u>	<u>1.0</u>	<u>-7.7%</u>
Franchise Tax Less Refunds	567.6	567.6	550.9	537.3	537.3	539.3	542.1	(25.5)	-4.5%
<b>Corporate Fees</b>	<b>70.1</b>	<b>69.5</b>	<b>69.5</b>	<b>66.2</b>	<b>66.2</b>	<b>66.8</b>	<b>66.8</b>	<b>(3.3)</b>	<b>-4.7%</b>
<b>Limited Partnerships &amp; LLC's</b>	<b>99.7</b>	<b>99.7</b>	<b>100.9</b>	<b>101.4</b>	<b>101.4</b>	<b>101.4</b>	<b>107.0</b>	<b>7.3</b>	<b>7.3%</b>
<b>Uniform Commercial Code</b>	<b>10.8</b>	<b>10.8</b>	<b>11.9</b>	<b>11.9</b>	<b>13.2</b>	<b>13.2</b>	<b>13.2</b>	<b>2.4</b>	<b>22.2%</b>
Corporation Income Tax	214.8	211.6	211.6	203.0	197.0	194.9	190.8	(24.0)	-11.2%
Less: Refunds	<u>(32.5)</u>	<u>(32.5)</u>	<u>(32.5)</u>	<u>(32.5)</u>	<u>(32.5)</u>	<u>(35.0)</u>	<u>(35.0)</u>	<u>(2.5)</u>	<u>7.7%</u>
CIT Less Refunds	182.3	179.1	179.1	170.5	164.5	159.9	155.8	(26.5)	-14.5%
<b>Bank Franchise Tax</b>	<b>141.1</b>	<b>138.9</b>	<b>147.6</b>	<b>154.8</b>	<b>154.8</b>	<b>154.8</b>	<b>154.8</b>	<b>13.7</b>	<b>9.7%</b>
<b>Gross Receipts Tax</b>	<b>171.5</b>	<b>177.9</b>	<b>176.9</b>	<b>171.4</b>	<b>170.0</b>	<b>170.0</b>	<b>170.0</b>	<b>(1.5)</b>	<b>-0.9%</b>
<b>Lottery</b>	<b>240.6</b>	<b>238.8</b>	<b>243.8</b>	<b>246.5</b>	<b>252.1</b>	<b>264.2</b>	<b>262.8</b>	<b>22.2</b>	<b>9.2%</b>
Abandoned Property	301.0	306.0	296.0	310.0	327.0	365.0	369.0	68.0	22.6%
Hospital Board and Treatment	70.5	68.2	69.3	70.0	70.2	71.0	71.0	0.5	0.7%
Dividends and Interest	17.1	19.1	22.3	23.9	25.5	25.5	26.7	9.6	56.1%
<b>Realty Transfer Tax</b>	<b>108.4</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>91.5</b>	<b>89.5</b>	<b>89.5</b>	<b>(18.9)</b>	<b>-17.4%</b>
<b>Estate Tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Insurance Taxes</b>	<b>77.0</b>	<b>75.0</b>	<b>75.0</b>	<b>77.1</b>	<b>77.1</b>	<b>77.1</b>	<b>77.1</b>	<b>0.1</b>	<b>0.1%</b>
Public Utility Tax	52.8	51.4	49.3	48.3	48.3	48.3	48.3	(4.5)	-8.5%
Cigarette Taxes	93.0	92.0	90.4	89.9	89.4	88.9	88.4	(4.6)	-4.9%
Other Revenues	88.6	89.9	90.6	89.7	89.7	89.3	89.3	0.7	0.8%
<b>Less: Other Refunds</b>	<b><u>(22.4)</u></b>	<b><u>(22.4)</u></b>	<b><u>(22.4)</u></b>	<b><u>(22.4)</u></b>	<b><u>(22.4)</u></b>	<b><u>(22.9)</u></b>	<b><u>(21.6)</u></b>	<b><u>0.8</u></b>	<b><u>-3.6%</u></b>
<b>Net Receipts</b>	<b>3,405.3</b>	<b>3,390.8</b>	<b>3,367.8</b>	<b>3,342.5</b>	<b>3,345.9</b>	<b>3,353.4</b>	<b>3,365.4</b>	<b>(39.9)</b>	<b>-1.2%</b>

Table 9.

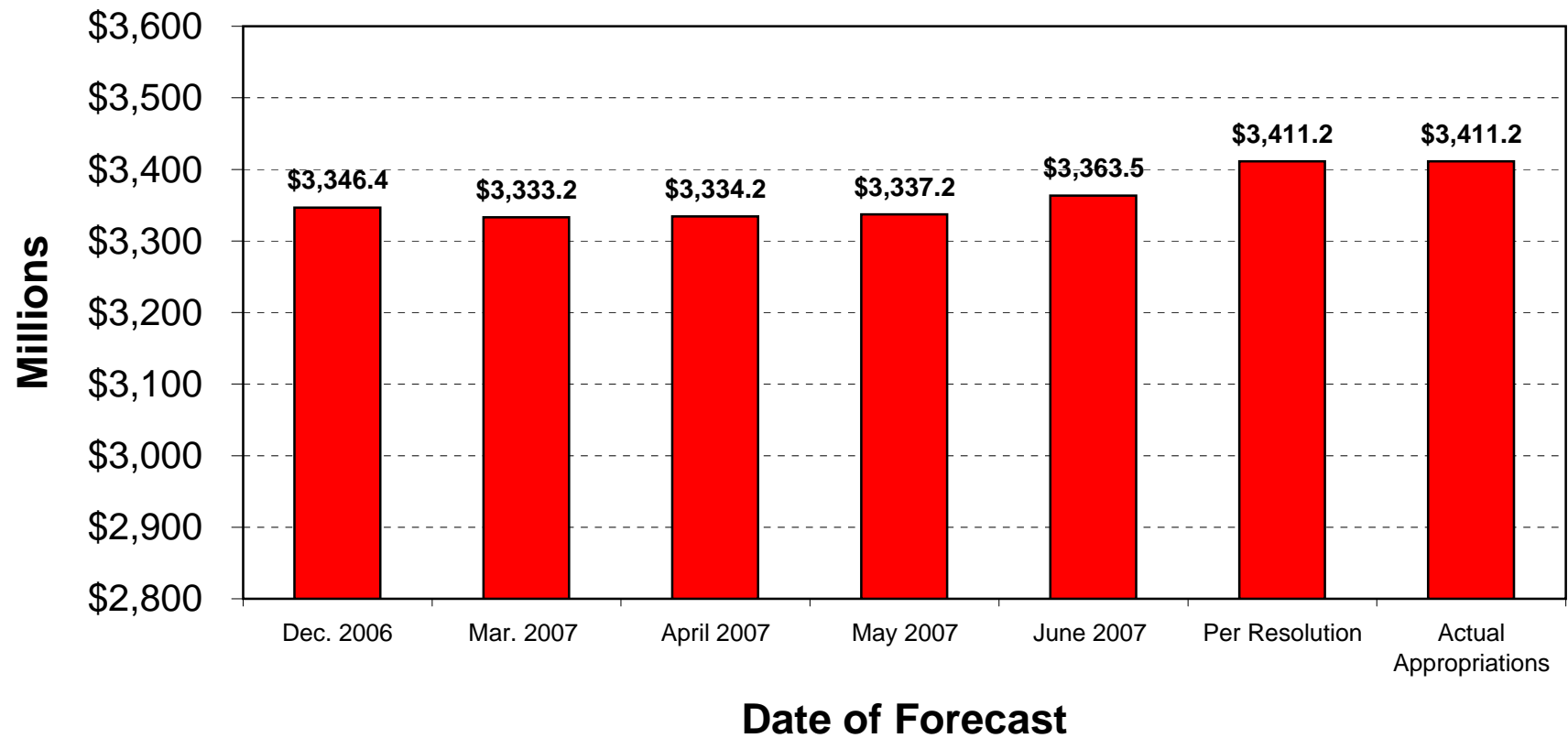
### FY 2007 General Fund Expenditure Estimates

Components of Expenditure Estimates (1)	Estimated as of December-06	Estimated as of March-07	Estimated April-07	Estimated as of May-07	Estimated as of June-07	Actual	\$ Ch Actual vs. Dec.	% Ch Actual vs. Dec.
FY 2007 Appropriations	3,395.2	3,395.2	3,395.2	3,395.2	3,395.2	3,395.2	-	0.0%
Continuing Appropriations and Encumbrances from Prior Years	342.5	342.5	342.5	342.5	342.5	342.5	-	0.0%
	3,737.7	3,737.7	3,737.7	3,737.7	3,737.7	3,737.7	-	0.0%
Less: Continuing Appropriations and Encumbrances from FY 2007	(288.6)	(274.8)	(264.2)	(284.4)	(301.2)	(335.8)	(47.2)	16.4%
Less: Reversions	(10.0)	(10.0)	(10.0)	(10.0)	(15.0)	(12.0)	(2.0)	20.4%
Expenditures	3,439.1	3,452.9	3,463.5	3,443.3	3,421.5	3,389.9	(49.2)	-1.4%

(1) Total FY 2007 expenditures of \$3,389.9 million were 6.6% higher than FY 2006.

Chart 1.

## FY 2008 Appropriation Limits Approved by DEFAC (during FY 2007)



Note: The Revenue Resolution included \$48.7 million in tax increases that were adopted subsequent to the June 2007, DEFAC meeting.



Table 10.

**General Fund Budget Appropriations**

<b>Budget Element</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY05 / 04</b>	<b>FY 2006</b>	<b>FY06 / 05</b>	<b>FY 2007</b>	<b>FY 07 / 06</b>	<b>FY 2008</b>	<b>FY 08 / 07</b>
Operating Budget	2,445.1	2,600.4	6.4%	2,836.0	9.1%	3,101.9	9.4%	3,285.6	5.9%
Grant-in-Aid	38.4	40.0	4.1%	42.4	6.0%	50.0	17.9%	47.7	-4.6%
Supplemental	166.9	285.0	70.8%	329.6	15.6%	243.3	-26.2%	77.9	-68.0%
Total Appropriations	2,650.4	2,925.4	10.4%	3,208.0	9.7%	3,395.2	5.8%	3,411.2	0.5%

Table 11.

## DEFAC

## FY 2007 Projections

Revenue Category	Jun-06 FY 2007 Proj	Sep-06 FY 2007 Proj	Dec-06 FY 2007 Proj	Mar-07 FY 2007 Proj	Apr-07 FY 2007 Proj	May-07 FY 2007 Proj	Jun-07 FY 2007 Proj	FY 2007 Actual	Actual vs. June 2006 Increase (Decrease)	Percent Change
<b><u>TOLL ROAD REVENUES:</u></b>										
I95 Newark Plaza	\$ 98.0	\$ 98.0	\$ 98.0	\$ 94.4	\$ 94.4	\$ 94.4	\$ 94.4	\$ 93.9	\$ (4.1)	-4.2%
Route 1 Toll Road	33.5	33.5	33.5	32.9	32.9	32.4	32.4	32.6	(0.9)	-2.7%
Concessions	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.8	0.1	3.7%
<b>Total Toll Road Revenues</b>	\$ 134.2	\$ 134.2	\$ 134.2	\$ 130.0	\$ 130.0	\$ 129.5	\$ 129.5	\$ 129.3	\$ (4.9)	-3.7%
<b><u>MOTOR FUEL TAX ADMIN.</u></b>										
Motor Fuel Tax	\$ 120.1	\$ 120.1	\$ 121.9	\$ 117.7	\$ 117.7	\$ 116.2	\$ 116.2	\$ 117.5	\$ (2.6)	-2.2%
Motor Carrier Fees	3.9	3.9	3.9	3.9	3.5	3.5	3.5	3.3	(0.6)	-15.4%
<b>Total MFTA Revenues</b>	124.0	124.0	125.8	121.6	121.2	119.7	119.7	120.8	(3.2)	-2.6%
<b><u>DIVISION OF MOTOR VEHICLES</u></b>										
Motor Vehicle Document Fees	\$ 66.3	\$ 66.3	\$ 63.7	\$ 63.7	\$ 63.7	\$ 62.9	\$ 62.9	\$ 62.7	\$ (3.6)	-5.4%
Motor Vehicle Registration Fees	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.4	\$ 0.2	0.6%
Other DMV Revenues	22.5	22.5	21.0	21.0	20.5	20.5	20.5	20.5	(2.0)	-8.9%
<b>Total DMV Revenues</b>	120.0	120.0	115.9	115.9	115.4	114.6	116.5	114.6	(5.4)	-4.5%
<b><u>OTHER TRANSPORTATION REV.</u></b>										
Other Transportation Rev	\$ 12.5	\$ 12.5	\$ 15.7	\$ 15.7	\$ 15.7	\$ 15.7	\$ 15.7	\$ 15.7	\$ 3.2	25.6%
Investment Income(Net)	\$ 7.5	\$ 7.5	\$ 10.5	\$ 10.5	\$ 12.4	\$ 12.4	\$ 12.4	\$ 14.8	\$ 7.3	97.3%
<b>Total Other Transp. Revenue</b>	\$ 20.0	\$ 20.0	\$ 26.2	\$ 26.2	\$ 28.1	\$ 28.1	\$ 28.1	\$ 30.5	\$ 10.5	52.5%
<b>GRAND TOTAL</b>	\$ 398.2	\$ 398.2	\$ 402.1	\$ 393.7	\$ 394.6	\$ 391.9	\$ 391.9	\$ 395.2	\$ (3.0)	-0.8%

Note: FY 2007 revenues exceeded FY 2006 revenues by 4.5%.

Table 12.

**DEFAC**  
**Transportation Trust Fund Revenues**  
**FY 2008 Projections**

	Jun-06 FY 2008 Proj	Sep-06 FY 2008 Proj	Dec-06 FY 2008 Proj	Mar-07 FY 2008 Proj	Apr-07 FY 2008 Proj	May-07 FY 2008 Proj	Jun-07 FY 2008 Proj	June 2007 vs. June 2006	
								Increase (Decrease)	% Change
<b><u>TOLL ROAD REVENUES:</u></b>									
I95 Newark Plaza	\$ 100.0	\$ 100.0	\$ 99.9	\$ 96.0	\$ 96.0	\$ 96.0	\$ 96.0	\$ (4.0)	-4.0%
Route 1 Toll Road	34.0	34.0	34.8	34.2	34.2	33.7	33.7	(0.3)	-0.9%
Concessions	2.7	2.7	2.7	2.7	2.7	2.7	2.7	-	0.0%
<b>Total Toll Road Revenues</b>	\$ 136.7	\$ 136.7	\$ 137.3	\$ 132.9	\$ 132.9	\$ 134.2	\$ 134.2	\$ (2.5)	-1.8%
<b><u>MOTOR FUEL TAX ADMIN.</u></b>									
Motor Fuel Tax	\$ 121.1	\$ 121.1	\$ 124.4	\$ 120.0	\$ 120.0	\$ 118.5	\$ 118.5	\$ (2.6)	-2.1%
Motor Carrier Fees	3.9	3.9	3.9	3.9	3.9	3.9	3.9	-	0.0%
<b>Total MFTA Revenues</b>	125.0	125.0	123.9	123.9	123.9	122.4	122.4	(2.6)	-2.1%
<b><u>DIVISION OF MOTOR VEHICLES</u></b>									
Motor Vehicle Document Fees	\$ 68.2	\$ 68.2	\$ 65.6	\$ 65.6	\$ 65.6	\$ 64.1	\$ 64.1	\$ (4.1)	-6.0%
Motor Vehicle Registration Fees	\$ 31.8	\$ 31.8	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1	\$ 32.1	\$ 0.3	0.9%
Other DMV Revenues	23.0	23.0	21.6	21.6	21.1	21.1	21.1	(1.9)	-8.3%
<b>Total DMV Revenues</b>	123.0	123.0	119.3	119.3	118.8	117.4	117.4	(5.6)	-4.6%
<b><u>OTHER TRANSPORTATION REV.</u></b>									
Other Transportation Rev	\$ 12.4	\$ 12.4	\$ 10.2	\$ 10.2	\$ 10.2	\$ 10.2	\$ 10.2	\$ (2.2)	-17.7%
Investment Income(Net)	\$ 7.0	\$ 7.0	\$ 10.5	\$ 10.5	\$ 10.5	\$ 10.5	\$ 10.5	\$ 3.5	50.0%
<b>Total Other Transp. Revenue</b>	\$ 19.4	\$ 19.4	\$ 20.7	\$ 20.7	\$ 20.7	\$ 20.7	\$ 20.7	\$ 1.3	6.7%
<b>GRAND TOTAL</b>	\$ 404.1	\$ 404.1	\$ 405.6	\$ 396.9	\$ 396.4	\$ 392.9	\$ 392.9	\$ (11.2)	-2.8%

Table 13.  
**Transportation Trust Fund**  
**FY 2007 EXPENDITURES**  
(\$ in millions)

	December 2006 <u>Forecast</u>	March 2007 <u>Forecast</u>	April 2007 <u>Forecast</u>	May 2007 <u>Forecast</u>	June 2007 <u>Forecast</u>	Actual 2007 <u>Expenditures</u>	<u>Actual vs. Dec 2006</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
<b>Operations</b>								
Debt Service	\$115.1	\$115.1	\$115.1	\$115.1	\$115.1	\$115.1	0.0	0.0%
Personnel Costs	104.0	104.0	104.0	104.0	103.8	106.1	2.1	2.0%
Operations/Capital Outlay	55.1	55.1	55.1	55.1	53.1	49.5	(5.6)	-10.2%
Transit Operations	<u>79.3</u>	<u>79.3</u>	<u>79.3</u>	<u>79.3</u>	<u>79.3</u>	<u>79.3</u>	0.0	0.0%
Total Expenditures - Operations	\$353.5	\$353.5	\$353.5	\$353.5	\$351.3	\$350.0	(3.5)	-1.0%
<b>Capital (State)</b>								
Road System	\$168.6	\$148.6	\$132.9	\$114.0	\$114.0	\$121.3	(47.3)	-28.1%
Grants & Allocations	64.4	64.4	64.4	31.5	31.5	30.5	(33.9)	-52.6%
Support Systems	21.6	21.6	17.3	26.0	26.0	28.3	6.7	31.0%
Transit	<u>3.7</u>	<u>3.7</u>	<u>3.7</u>	<u>3.7</u>	<u>3.7</u>	<u>3.5</u>	(0.2)	-5.4%
Total Expenditures- State Capital	\$258.3	\$238.3	\$218.3	\$175.2	\$175.2	\$183.6	(74.7)	-28.9%
<b>Capital (Federal)</b>								
Road System	\$164.6	\$133.9	\$126.7	\$84.3	\$84.3	\$83.7	(80.9)	-49.1%
Grants & Allocations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
Support Systems	14.3	11.2	11.2	12.9	12.9	8.5	(5.8)	-40.6%
Transit	<u>11.7</u>	<u>8.2</u>	<u>8.2</u>	<u>8.1</u>	<u>11.7</u>	<u>12.2</u>	0.5	4.3%
Total Expenditures - Federal Capital	\$190.6	\$153.3	\$146.1	\$105.3	\$108.9	\$104.4	(86.2)	-45.2%
Total Expenditures - Capital	\$448.9	\$391.6	\$364.4	\$280.5	\$284.1	\$288.0	(160.9)	-35.8%
<b>TOTAL EXPENDITURES</b>	\$802.4	\$745.1	\$717.9	\$634.0	\$635.4	\$638.0	(164.4)	-20.5%

Note: FY 2007 expenditures were \$96.3 million or 13.1% less than FY 2006 expenditures.

Table 14.

**ATTENDANCE RECORDS**

(For Members as of 6/30/2007)

	9/18/2006	12/18/2006	3/19/2007	4/16/2007	5/21/2007	6/19/2007	Total
<b>1 H. Beckler</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>5 / 6</b>
2 J. Bullock	Y	N	Y	Y	Y	Y	5 / 6
<b>3 R. Byrd</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6 / 6</b>
4 J. M. Cherry	N	Y	N	Y	N	Y	3 / 6
<b>5 N. Cook</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>3 / 6</b>
6 R. Cordrey	Y	Y	Y	Y	Y	Y	6 / 6
<b>7 J. W. Davis</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>4 / 6</b>
8 L. Davis-Burnham	Y	Y	Y	Y	Y	Y	6 / 6
<b>9 R. Davis</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>4 / 6</b>
10 R. Derrickson	Y	N	Y	N	Y	Y	4 / 6
<b>11 J. DiPinto</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>0 / 6</b>
12 F. Dixon	N	Y	N	Y	Y	Y	4 / 6
<b>13 B. Fasy</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>3 / 6</b>
14 R. Gilligan	N	Y	Y	N	N	N	2 / 6
<b>15 R. Glen</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6 / 6</b>
16 J. Horthy	Y	Y	N	Y	N	Y	4 / 6
<b>17 D. Hudson</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>1 / 6</b>
18 R. Larson	Y	N	Y	N	N	N	2 / 6
<b>19 K. Lewis</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6 / 6</b>
20 D. Link	Y	Y	Y	N	Y	Y	5 / 6
<b>21 A. Lubin</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>5 / 6</b>
22 J. Markell	Y	Y	Y	Y	Y	Y	6 / 6
<b>23 C. Morgan</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6 / 6</b>
24 E. Ratledge	Y	Y	Y	N	Y	Y	5 / 6
<b>25 G. Simpson</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>4 / 6</b>
26 T. Shopa	N	Y	Y	N	Y	Y	4 / 6
<b>27 H. Smith-Windsor</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>Y</b>	<b>3 / 6</b>
28 D. Swayze	Y	Y	Y	Y	Y	Y	6 / 6
<b>29 C. Wicks</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>Y</b>	<b>3 / 6</b>

Y = Present at Meeting; N = Not Present